

Message Text

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C O N F I D E N T I A L MOSCOW 15879

E.O. GDS

TAGS: ETRD EFIN EEC FR UR US

SUBJECT: NEW FRENCH COOPERATION AGREEMENT WITH USSR:

COMPLIANCE WITH EEC REQUIREMENTS

REF: MOSCOW 15060 BONN 16162

1. SUMMARY: FRENCH DELEGATION RECENTLY IN MOSCOW HAS NEGOTIATED NEW DRAFT FIVE-YEAR SOVIET-FRENCH ECONOMIC COOPERATION AGREEMENT IN RESPONSE TO PERSISTENT SOVIET REQUESTS FOR NEW BILATERAL AGREEMENT BEFORE NEW EC RULES BECOME EFFECTIVE ON JAN 1, 1975. AGREEMENT IS VERY GENERAL, CONTAINS NO REFERENCES TO BILATERAL TRADE OR MFN, FOR CONFIDENTIAL

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SOVIETS, AGREEMENT APPEARS TO HAVE NO VALUE AT ALL

IN THEIR COMPAIGN TO CIRCUMVENT EC REGULATIONS. END
SUMMARY.

2. ECONOMIC OFFICER OF AN EEC EMBASSY HAS PROVIDED SOME DETAILS ON DRAFT OF NEW FIVE-YEAR FRENCH COOPERATION AGREEMENT WITH USSR WHICH WAS NEGOTIATED DURING FIVE-DAY (OCT 7-11) VISIT HERE OF FRENCH DELEGATION LED BY DE MOURELLE, MINISTRY OF FINANCE AND ECONOMIC AFFAIRS. AGREEMENT HAS NOT YET BEEN APPROVED BY GOVERNMENTS. FOR FRENCH, PRIMARY PURPOSE OF AGREEMENT IS TO SATISFY PERSISTENT SOVIET DEMANDS FOR SIGNING OF NEW BILATERAL TRADE AND ECONOMIC AGREEMENT PRIOR TO JANUARY 1, 1975, AFTER WHICH EC RULES REQUIRE THAT ANY FRENCH AGREEMENT WITH A STATE-TRADING COUNTRY BE MADE THROUGH THE EEC. OVERALL, AGREEMENT IS BLAND AND GENERAL IN CONTENT. IT PARALLELS AND SUPPLEMENTS EXISTING TEN-YEAR COOPERATION AGREEMENT BETWEEN FRANCE AND THE USSR. IT CONTAINS NO REFERENCES TO TRADE OR MFN.

2. MAJOR PROVISIONS OF AGREEMENT SUMMARIZED AS FOLLOWS:

A) GENERAL CLAUSE ENJOINS BOTH SIDES TO STRIVE FOR IMPROVED ECONOMIC COOPERATION.

B) BOTH SIDES AGREE TO COOPERATE ON ESTABLISHMENT OF CREDIT TERMS AND CONDITIONS, TAKING INTO CONSIDERATION REQUIREMENTS OF RESPECTIVE GOVERNMENTS.

C) BOTH SIDES WILL CONTINUE TO REVIEW CONDITIONS FOR BETTER FACILITIES FOR REPRESENTATIVES OF FRENCH FIRMS IN USSR

D) PROVISION IS MADE FOR BILATERAL CONSULTATION AT REQUEST OF EITHER SIDE

E) NEW AGREEMENT WILL TAKE EFFECT FOR FIVE-YEAR PERIOD BEGINNING JAN 1, 1975. LANGUAGE IN AGREEMENT'S PREAMBLE RELATES IT TO FRENCH-SOVIET AGREEMENT OF 1951 AND TO ALREADY EXISTING TEN-YEAR COOPERATION AGREEMENT. AGREEMENT

OF 1951 CONTAINS SPECIFIC LANGUAGE PROHIBITING DENUNCIATION BY EITHER SIDE WHILE AGREEMENT IN FORCE.

F) BOTH SIDES WILL EXCHANGE LETTERS REGARDING AGREEMENT AND GOVERNMENT OF FRANCE WILL SUBMIT TEXT TO EC EXECUTIVE COUNCIL FOR APPROVAL.

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3. ACCORDING TO OFF-THE-RECORD COMMENTS MADE BY DE MOURELLE, AGREEMENT WAS NEGOTIATED PRIMARILY "FOR APPEARANCES" AND CONTAINS NOTHING NEW ASIDE FROM PROVISION ON BETTER BUSINESS FACILITIES FOR FRENCH REPRESENTATIVES IN USSR, WHICH IS SIMILAR TO PROVISION IN RECENT US-SOVIET AGREEMENTS. FRENCH INSISTED ON EXCLUSION OF ANY REFERENCES TO TRADE OR MFN.

4. COMMENT: OUR INITIAL REACTION IS THAT THIS AGREEMENT,
IS INDEED FOR APPEARANCES-TO THE POINT WHERE SOVIETS MUST
REGARD IT AS OF LITTLE VALUE AS FAR AS THEIR OBJECTIVES ARE
CONCERNED. WHETHER SOVIETS WILL ATTEMPT FURTHER MANEUVERS
TO "END RUN" EC REQUIREMENTS IS OPEN TO QUESTION. TIME IS
RUNNING OUT AND WE NOTE STRONG FRG RESISTANCE TO SOVIET
PROPOSALS FOR NEW AGREEMENT WITH FRG AS MENTIONED BONN'S
REFTEL.
STOESSEL

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